

April 5, 1982

LB 753

that there is some need for some cigarette tax increase so that at the end of one year we come back 3¢ but not all the way, we come back to one permanent cent increase but a 4¢ increase for this one coming year. On General File you might remember that I made the discussion points that we are in remarkable times and we have been looking at the cigarette smoker as a temporary source of revenue. However in fairness I don't think we can say cigarette's have been taxed at an unreasonably low figure. If anything we find that by comparison Nebraska taxes its cigarette smokers at a relatively high rate. High enough that it can promote perhaps the prospect of bootlegging between Nebraska and other states which in our surrounding area tax at lower rates almost without exception. To add 4¢ more on a permanent basis will only be to exacerbate that difference and increase the likelihood of bootlegging. The amendment that Senator DeCamp and I offer then is a middle road. It seeks to gain that revenue that the Governor is so certain that we need for this one problem year but at the end of which time withdraws the authorization for three of the four cents of tax increase. In one years time we will know about bootlegging. In one years time we will know about new revenue projections. In one years time we will know about the reaction of cigarette smokers in this state. I would suggest that this is a reasonable amendment to a bill designed to limit to the short term consequences a tax increase which we can not say in all fairness has to be deserved because of some long standing impropriety in our tax policy. This distinguishes LB 753 from the corporate tax increase, LB 760, which simply corrects a historical imbalance between various tax payers that has developed over time. There is no such body of evidence with respect to cigarette smokers in this state and for that reason I move the adoption of the Landis-DeCamp amendments to 753 and hope the body will attach a reasonable one year sunset period to this 4¢ increase. Thank you.

SENATOR CLARK: Senator DeCamp.

SENATOR DeCAMP: Mr. President, just to say that I think it is a good idea to go only a year since we are humping this tax so heavily. I don't smoke myself, but I noticed every time we get ready to raise some additional revenue from the first day I got whether it is building an auditorium or civic center or whatever, we immediately look around and look to some group that has some habit, whether it is drinking or smoking or whatever and then we try to tax them for it and that is okay, I suppose, but you can get excessive and out of hand and I think we are very close